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**FOR IMMEDIATE RELEASE:**

**BLOOMINGTON MAN CHARGED IN BANKRUPTCY FRAUD**

**PRESS RELEASE**

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that JEFFREY E. ONKST, 63, Bloomington, Indiana, was charged in an Information for Bankruptcy Fraud and Suborning Perjury, following an investigation by the Federal Bureau of Investigation and the United States Trustee's Office for Region 10.

A bankruptcy is initiated by filing a Voluntary Petition, which directs the person seeking bankruptcy to disclose all prior bankruptcies filed within the six years preceding the pending bankruptcy. The data collected is necessary to disclose to creditors and the bankruptcy trustees information necessary to determine whether the petitioner is entitled to the benefits of bankruptcy. The Information alleges that from July 1999 to December 2004, JEFFREY E. ONKST filed, or caused to be filed in other people's names, nineteen bankruptcy petitions, and that he lied on these bankruptcy filings when he failed to disclose all

his prior bankruptcies. Moreover, the Information alleges, the purpose of these bankruptcies was solely to stop the sale in foreclosure of real properties owned or controlled by JEFFREY ONKST in the Southern District of Indiana, and Alabama. Invariably, the bankruptcies were filed when a foreclosure sale of the properties by financial institutions holding mortgages on the properties was imminent. The financial institutions would go through the mortgage foreclosure process, including court filings, service and notice, and scheduling of a sale, only to have the sale stayed by a bankruptcy on the eve of sale.

While in some of the nineteen bankruptcies some steps were taken to further the bankruptcy after the petition was filed and a stay obtained, in many cases no steps were taken at all to proceed with the bankruptcy after the petition was filed. On many occasions the petitions for bankruptcy did not disclose prior bankruptcies of the petitioner as required. All nineteen bankruptcies were eventually dismissed for failure of the debtor to follow through on the petition.

The actual intended purpose of the bankruptcy petitions was for JEFFREY ONKST to obtain a stay of the foreclosure, not to obtain a discharge in bankruptcy. Once the bankruptcy was dismissed, the mortgage holder would have to start the foreclosure process from the beginning, often only to be met by another bankruptcy stay when a foreclosure sale was imminent.

“ Serial filing is a clear abuse of the Bankruptcy system, and today’ s charges reflect that this type of fraud will not be tolerated,” said Nancy J. Gargula, United States Trustee for Indiana and Central and Southern Illinois (Region 10) and Missouri, Arkansas and Nebraska (Region 13). “ This prosecution is a result of the collaborative efforts of the Southern Indiana

Bankruptcy Fraud Working Group, whose members include representatives of the U.S. Attorney' s Office, U.S. Trustee' s Office for Region 10 and the Federal Bureau of Investigation, among others.”

According to Assistant United States Attorney Winfield D. Ong, who is prosecuting the case for the government, ONKST faces a maximum possible prison sentence of 5 years and a maximum possible fine of \$250,000.

**The Information is an allegation only, and the defendant is presumed innocent unless and until proven guilty at trial or by guilty plea.**

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